

LEGISLATURE OF NEBRASKA

NINETY-NINTH LEGISLATURE

SECOND SESSION

**LEGISLATIVE BILL 849**

Introduced by Redfield, 12; Aguilar, 35; Baker, 44; Bourne, 8;  
Brown, 6; Combs, 32; Cornett, 45; Cunningham, 40;  
Erdman, 47; Flood, 19; Foley, 29; Friend, 10;  
Janssen, 15; Mines, 18; Pahls, 31; Dw. Pedersen,  
39; Smith, 48; Stuhr, 24; at the request of the  
Governor

Read first time January 4, 2006

Committee: Revenue

A BILL

- 1 FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2715.02, Reissue Revised Statutes of Nebraska; to
- 3 change income tax rates as prescribed; to repeal the
- 4 original section; and to declare an emergency.
- 5 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 77-2715.02, Reissue Revised Statutes  
2 of Nebraska, is amended to read:

3           77-2715.02 (1) Whenever the primary rate is changed by  
4 the Legislature under section 77-2715.01, the Tax Commissioner  
5 shall update the rate schedules required in subsection (2) of this  
6 section to reflect the new primary rate and shall publish such  
7 updated schedules.

8           (2) The following rate schedules are hereby established  
9 for the Nebraska individual income tax and shall be in the  
10 following form:

11           (a) The income amounts for columns A and E shall be:

12           (i) \$0, \$2,400, \$17,000, and \$26,500, for single returns;

13           (ii) \$0, \$4,000, \$30,000, and \$46,750, for married filing  
14 joint returns;

15           (iii) \$0, \$3,800, \$24,000, and \$35,000, for  
16 head-of-household returns;

17           (iv) \$0, \$2,000, \$15,000, and \$23,375, for married filing  
18 separate returns; and

19           (v) \$0, \$500, \$4,700, and \$15,150, for estates and  
20 trusts;

21           (b) The amount in column C shall be the total amount of  
22 the tax imposed on income less than the amount in column A;

23           (c) The amount in column D shall be the rate on the  
24 income in excess of the amount in column E;

25           (d) For taxable years beginning or deemed to begin before

1 ~~January 1, 2003~~ on or after January 1, 2006, under the Internal  
 2 Revenue Code of 1986, as amended, the primary rate set by the  
 3 Legislature shall be multiplied by the following factors to compute  
 4 the tax rates for column D. The factors for the brackets, from  
 5 lowest to highest bracket, shall be .6784, .9432, 1.3541, and  
 6 1.8054;

7 (e) For taxable years beginning or deemed to begin on  
 8 or after January 1, 2003, and before January 1, 2006, under the  
 9 Internal Revenue Code of 1986, as amended, the primary rate set  
 10 by the Legislature shall be multiplied by the following factors to  
 11 compute the tax rates for column D. The factors for the brackets,  
 12 from lowest to highest bracket, shall be .6932, .9646, 1.3846, and  
 13 1.848;

14 (f) The amounts for column C shall be rounded to the  
 15 nearest dollar, and the amounts in column D shall be rounded to  
 16 hundredths of one percent; and

17 (g) One rate schedule shall be established for each  
 18 federal filing status.

19 (3) The tax rate schedules shall use the format set forth  
 20 in this subsection.

21	A	B	C	D	E
22	Taxable income	but not	pay	plus	of the
23	over	over			amount over

24 (4) The tax rate applied to other federal taxes included  
 25 in the computation of the Nebraska individual income tax shall be

1 eight times the primary rate.

2 (5) The Tax Commissioner shall prepare, from the rate  
3 schedules, tax tables which can be used by a majority of the  
4 taxpayers to determine their Nebraska tax liability. The design of  
5 the tax tables shall be determined by the Tax Commissioner. The  
6 size of the tax table brackets may change as the level of income  
7 changes. The difference in tax between two tax table brackets shall  
8 not exceed fifteen dollars. The Tax Commissioner may build the  
9 personal exemption credit and standard deduction amounts into the  
10 tax tables.

11 (6) The Tax Commissioner may require by rule and  
12 regulation that all taxpayers shall use the tax tables if their  
13 income is less than the maximum income included in the tax tables.

14 Sec. 2. Original section 77-2715.02, Reissue Revised  
15 Statutes of Nebraska, is repealed.

16 Sec. 3. Since an emergency exists, this act takes effect  
17 when passed and approved according to law.